

Message Text

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PAGE 01 STATE 100931
ORIGIN XMB-04

INFO OCT-01 EUR-12 ISO-00 EB-07 /024 R

EXIMBANK

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APPROVED BY EB/IFD/ODF/FHTHOMAS
XMB: CLAYTON NORRIS
EUR/SE:RDELABARRE

-----041950Z 128797 /70

R 041444Z MAY 77
FM SECSTATE WASHDC
TO AMEMBASSY ANKARA
INFO AMCONSUL ISTANBUL

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E.O. 11652: N/A

TAGS: EFIN, TU

SUBJECT: EXIM DENIAL OF IGSAS FERTILIZER PLANT LOAN

1. FOLLOWING FYI AND FOR YOUR USE ON AN IF-ASKED BASIS.
2. EXIMBANK HAS DENIED DOLLARS 90 MILLION LOAN REQUEST BY GOT THROUGH TURKISH EMBASSY FOR NEW IGSAS AMMONIA AND UREA FERTILIZER COMPLEX NEAR KIRIKKALE, WITH TOTAL COST OF DOLLARS 166 MILLION, INCLUDING U.S. COSTS OF DOLLARS 92 MILLION.

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PAGE 02 STATE 100931

3. WHILE THERE IS UNDOUBTED NEED FOR ADDITIONAL USE OF FERTILIZER IN TURKEY, IT IS LESS CLEAR THAT TURKEY SHOULD INVEST HEAVILY IN FERTILIZER CAPACITY NOW RATHER THAN TO CONTINUE IMPORTING IT. COMPLEX WOULD DEPEND ON IMPORTED OIL, AND BE LINKED TO REFINERY AND PIPELINE FOR WHICH SUFFICIENT DATA IS LACKING TO JUDGE FEASIBILITY. IT WOULD BE LIKELY TO COMPETE WITH SUBSTANTIAL NEW PETRO-CHEMICAL CAPACITY BEING BUILT BY OIL PRODUCERS WITH LIKELY

LOWER RAW MATERIAL AND OPERATING COSTS. IGSAS WOULD PRODUCE AT TWICE THE COST OF OTHER RECENT EXIM-SUPPORTED PROJECTS, WOULD DEPEND HEAVILY ON PROTECTIVE TARIFFS, AND APPEARS TO HAVE A LOW DIRECT ECONOMIC RETURN. (PROJECTED SELLING PRICE OF DOLLARS 140/TON IS WELL ABOVE CURRENT

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EUROPEAN PRICE OF DOLLARS 110, WHICH IS CONSIDERED UNLIKELY TO RISE SIGNIFICANTLY.) ASIDE FROM QUESTIONABLE FEASIBILITY, PROJECT EXCEEDS EXIM CAPACITY TO TAKE ON NEW EXPOSURE UNDER DOLLARS 40 MILLION PER PROJECT GUIDELINE. FOR THESE REASONS, COMBINED WITH SUBSTANTIAL PRESENT AND POTENTIAL EXPOSURE, AND DETERIORATING TURKISH EXTERNAL PAYMENTS SITUATION, BANK IS UNABLE TO CONSIDER FAVORABLY.

4. SEPTEL RE PETLAS TIRE PLANT DENIAL.
VANCE

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NNN

Message Attributes

Automatic Decaptioning: X
Capture Date: 01-Jan-1994 12:00:00 am
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: FERTILIZER INDUSTRY, BANK LOANS, INVESTMENTS
Control Number: n/a
Copy: SINGLE
Sent Date: 04-May-1977 12:00:00 am
Decaption Date: 01-Jan-1960 12:00:00 am
Decaption Note:
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 22 May 2009
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1977STATE100931
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Document Unique ID: 00
Drafter: L. M. LAROCHE:EMC
Enclosure: n/a
Executive Order: N/A
Errors: N/A
Expiration:
Film Number: D770156-1080
Format: TEL
From: STATE
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1977/newtext/t19770594/aaaaddfz.tel
Line Count: 79
Litigation Code IDs:
Litigation Codes:
Litigation History:
Locator: TEXT ON-LINE, ON MICROFILM
Message ID: 6a4b8c9a-c288-dd11-92da-001cc4696bcc
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Original Classification: LIMITED OFFICIAL USE
Original Handling Restrictions: n/a
Original Previous Classification: n/a
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Previous Handling Restrictions: n/a
Reference: n/a
Retention: 0
Review Action: RELEASED, APPROVED
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Review Exemptions: n/a
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SAS ID: 2641513
Secure: OPEN
Status: NATIVE
Subject: EXIM DENIAL OF IGSAS FERTILIZER PLANT LOAN
TAGS: EFIN, TU, US, XMB
To: ANKARA
Type: TE
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